

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF NORTHERN KENTUCKY)	CASE NO.
WATER DISTRICT FOR AN ADJUSTMENT OF)	2015-00143
RATES)	

ORDER

Northern Kentucky Water District (“NKWD”) applied for an adjustment of its rates for water service pursuant to the procedures set forth in 807 KAR 5:001, Section 16. NKWD proposed water rates that would produce additional revenues of \$4,840,032, or 9 percent, over operating revenues from existing rates of \$50,679,663.¹ By this Order, we grant NKWD’s requested rate relief.

BACKGROUND

NKWD, a water district organized pursuant to KRS Chapter 74, is the oldest and largest water district in the Commonwealth. It owns and operates water treatment and distribution facilities that provide retail water service to approximately 81,165 customers in Kenton, Campbell, and Boone counties, Kentucky and wholesale water service to Bullock Pen Water District, Pendleton County Water District, and the city of Walton, Kentucky.² Its last general rate adjustment occurred in December 2012.³

¹ NKWD’s July 20, 2015, Supplemental Response to the Commission’s July 16, 2015 Deficiency Letter, Revenue Requirement Calculation.

² Application, Exhibit A, *Annual Report of Northern Kentucky Water District to the Public Service Commission of the Commonwealth of Kentucky for the Calendar Year Ended December 31, 2014* (“2014 Annual Report”).

³ Case No. 2012-00072, *Application of Northern Kentucky Water District for an Adjustment of Rates, Issuance of Bonds, and Financing* (Ky. PSC Dec. 20, 2012).

PROCEDURE

On May 1, 2015, NKWD filed with the Commission a written notice of its intent to file an application for an adjustment of rates using a historical test year and its "Notice of Election of Use of Electronic Filing Procedures." On June 30, 2015, NKWD tendered its application to the Commission. Due to deficiencies in the application, the Commission did not accept the application ("Application") for filing until July 20, 2015.⁴

In Exhibit E of its Application, NKWD provided revised tariffs with a stated issuance date of June 30, 2015, and a stated effective date of August 15, 2015. In an Order dated August 10, 2015, the Commission determined that with a filed date of July 20, 2015, for NKWD's Application, the earliest possible date the proposed rates could become effective was August 19, 2015.⁵ In that Order, the Commission suspended the operation of the proposed rates for five months up to and including January 18, 2016, and established a procedural schedule for this proceeding. There were no intervenors in this proceeding.

Following extensive discovery and a November 19, 2015 Informal Conference, the Commission held a public evidentiary hearing in this matter on December 3, 2015, at the Commission's offices in Frankfort, Kentucky. The only witness to present testimony at this hearing was Jack Bragg, NKWD's vice president of finance and

⁴ NKWD's application failed to comply with certain provisions of 807 KAR 5:001. The Commission notified NKWD of the deficiencies by letter on July 16, 2015. On July 20, 2015, NKWD made a supplemental filing to correct the deficiencies. On July 22, 2015, the Commission notified NKWD that its application met the minimum filing requirements and was deemed filed as of July 20, 2015.

⁵ Order (Ky. PSC Aug. 10, 2015) at 2.

support services.⁶ NKWD did not submit a written brief following the conclusion of the evidentiary hearing.

TEST PERIOD and REVENUE REQUIREMENT

NKWD proposes to use the 12-month period ending December 31, 2014, as the test period to determine the reasonableness of its proposed rates.⁷ However, other than an adjustment to reflect actual water consumption, NKWD did not submit any pro forma adjustments.⁸

In this proceeding, NKWD presented financial information demonstrating that it could justify a revenue increase of \$7,029,780, or 13.9 percent;⁹ however, NKWD limited its requested increase to \$4,840,032 after considering: (1) the current economic conditions of the Northern Kentucky region; (2) its need for additional revenues; (3) how its rate increase would impact NKWD's customers; and (4) the local tolerance for rate increases from utility companies.¹⁰ For the purposes of this proceeding, the Commission finds the use of this period reasonable. In using this historic test period, the Commission has made appropriate ratemaking adjustments.

⁶ Constance Heppenstall, project manager, Rate Studies for Gannett Fleming Valuation and Rate Consultants, LLC, submitted prefiled direct testimony. By its Order dated December 2, 2015, the Commission granted NKWD's Motion to Substitute, Correct, Excuse, et al, ("November 23, 2015 Motion") Ms. Heppenstall from testifying at the December 3, 2015 hearing.

⁷ Application at numbered paragraph 31.

⁸ NKWD's July 20, 2015, Supplemental Response to the Commission's July 16, 2015 Deficiency Letter, Item 1.

⁹ November 23, 2015 Motion.

¹⁰ NKWD's Response to Commission Staff's Third Request for Information ("Staff's Third Request"), Item 5.a.

INCOME STATEMENT

NKWD reported actual test-year operating revenues and expenses of \$50,865,027¹¹ and \$36,577,244,¹² respectively. It proposed one adjustment to test-year revenues from water sales to \$54,076,927 to reflect “actual consumption.”¹³ While NKWD did not propose adjustments to test-year expenses, it recognized that its proposed rate request would not allow full recovery of depreciation expense.¹⁴ The Commission’s review of NKWD’s test-year revenues and expenses are set forth below.

Operating Revenues from Water Sales

NKWD reports test-period operating revenues from water sales of \$49,108,155.¹⁵ The reported revenues from water sales comprise revenue from retail water sales of \$47,536,091, revenue from bulk sales of \$81,604, fire protection revenue of \$52,747, and revenue from wholesale water sales of \$1,437,713.¹⁶

Based upon its examination of the test-year revenue from water sales, NKWD determined that the test-year water consumption was less than the consumption in prior years.¹⁷ This reduction in consumption produces a test-year revenue lower than

¹¹ Application, Exhibit A, *2014 Annual Report* at 27. Total Water Operating Revenues \$50,865,027.

¹² *Id.* at 10. \$24,803,454 (Operating Expenses) + \$11,006,545 (Depreciation Expense) + \$201,120 (Amortization Utility Plant Acquisition Adjustment) + \$566,125 (Taxes Other Than Income) = \$36,577,244.

¹³ *Id.*, Exhibit B, Cost-of-Service Study, Schedule A, Revenues, Present Rates.

¹⁴ November 23, 2015 Motion.

¹⁵ Application, Exhibit A, *2014 Annual Report* at 27.

¹⁶ *Id.*

¹⁷ *Id.*, Exhibit D, Direct Testimony of Constance Heppenstall at 8.

one generated in a normal year for water usage.¹⁸ To correct for the reduction in the water consumption, NKWD adjusted revenues based upon the average usage by class from 2011 through 2014.¹⁹ The table below reflects the results of NKWD's analysis.

Customer Classification	Revenues per 2014 AR	Pro Forma Present Rates	Normalization Adjustment
Metered Sales			
Residential	\$ 30,212,926	\$ 31,512,314	\$ 1,299,388
Commercial/Multi-Family	11,300,774	11,696,687	395,913
Industrial	3,756,997	3,677,160	(79,837)
Municipal	2,265,394	2,395,947	130,553
Wholesale	1,437,713	1,397,555	(40,158)
Total Metered Sales of Water	48,973,804	50,679,663	1,705,859
Bulk Water Sales	81,604	52,747	(28,857)
Total	\$ 49,055,408	\$ 50,732,410	\$ 1,677,002

Salaries and Wages

NKWD reports a test-period level of Salaries and Wages expense of \$7,931,952.²⁰ Responding to an interrogatory, NKWD provided a schedule showing that Salaries and Wages expense would be decreased by \$78,041²¹ by using its current staff level, the 2015 employee wage rates, and the actual test-year employee overtime hours. Finding that an adjustment based upon NKWD's calculations accords with

¹⁸ *Id.*

¹⁹ *Id.*

²⁰ NKWD's November 25, 2015 Revised Response to Commission Staff's Third Request for Information, Item 1, Schedule 2.

²¹ *Id.*

accepted ratemaking methodology²² and is known and measureable, the Commission finds that NKWD's Salaries and Wages expense should be decreased by \$78,041.

Employee Pensions and Benefits

NKWD reports a test-period level of Employee Pensions and Benefits expense of \$4,080,951.²³ On July 1, 2015, the County Employees Retirement System ("CERS") employer contribution rate decreased from 17.67 percent to 17.06 percent.²⁴ Using the employee insurance premiums effective in 2015, the CERS July 1, 2015 employer retirement contribution rate of 17.06 percent, and removing the portion of these costs that are considered labor overhead,²⁵ the Commission calculates a pro forma employee pension and benefits expense of \$3,888,628, which is \$192,323 less than the test-period level.²⁶ Therefore, employee pensions and benefits expense has been decreased by \$192,323.

²² See, e.g., Case No. 2003-00224, *Application of Northern Kentucky Water District for (A) An Adjustment of Rates; (B) A Certificate of Public Convenience and Necessity for Improvements to Water Facilities if Necessary; and (C) Issuance of Bonds* (Ky. PSC June 14, 2004) at 8–10.

²³ Application, Exhibit A, *2014 Annual Report* at 28.

²⁴ NKWD's Response to Commission Staff's First Request for Information ("Staff's First Request"), Item 10.a.

²⁵ Employee pension and benefits expense is being adjusted to remove the portion of these costs that are considered labor overhead and that should be capitalized as a cost of construction. This adjustment is consistent with the adjustment to Salaries and Wages–Employee expense to remove the capitalized labor and with the Uniform System of Accounts.

²⁶ \$1,405,486 (CERS Employer Contribution) + \$2,524,538 (Employee Health Insurance) + \$84,017 (Employee Dental Insurance) + \$65,000 (Employee Life/Disability Insurance) - \$190,410 (Capitalized Labor Overhead) = \$3,888,631 - \$4,080,951 (Test-Year Employee Pension and Benefit expense) = (\$192,320).

Contractual Services

NKWD reports a test-year level of Contractual Services expense of \$3,319,706. Included in this amount is \$37,315²⁷ of fees that are construction overhead costs and should be removed from test-period operating expenses and capitalized with the appropriate capital project. Accordingly, we have reduced pro forma operating expenses by \$37,315.

Depreciation

NKWD reports a test-year level of Depreciation expense of \$11,006,545. The test-year amount was calculated by applying depreciable lives that have been approved by this Commission. NKWD applied these rates using the straight-line method as required by the USoA. Even though NKWD stated that its proposed increase would not allow it to fully recover depreciation, the Commission has made no adjustment to test-year depreciation expense other than to depreciate the capital expenditures that were

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<u>Vendor</u>	<u>Description</u>	<u>Amount</u>
Thelen Assoc.	Geo Tech Services - Water Main Replacement	\$ (3,324)
Viox & Voix	Water Main Replacement	(6,370)
Viox & Voix	Richardson Road Pump Station	(8,676)
Cardinal Engineering	Covington Water Works Road	(2,417)
Legal	Construction Projects	(6,142)
Legal	Construction Projects	(10,386)
Pro Forma Adjustment		<u>\$ (37,315)</u>

removed from the Contractual Services expense which results in an increase to depreciation expense of \$892.²⁸

Payroll Taxes

NKWD reports a test-period level of payroll tax expense of \$566,125.²⁹ Based on the pro forma salaries and wages and capitalizing 4.668 percent of these salaries and wages, the Commission calculates a pro forma FICA expense of \$590,479 and finds that NKWD's payroll taxes should be increased by \$24,354.

Summary – Income Statement

The table below summarizes the Commission's pro forma adjustments.

	Test-Year Operations	Commission Adjustments	Commission Operations
Operating Revenues:			
Metered Water Sales - Retail	\$ 48,973,804	\$ 1,705,859	\$ 50,679,663
Bulk Water Sales	81,604	(28,857)	52,747
Other Operating Revenues	1,809,619	658,446	2,468,065
	<u>50,865,027</u>	<u>2,335,448</u>	<u>53,200,475</u>
Operating Expenses:			
Operation & Maintenance:	24,803,454	(307,676)	24,495,778
Depreciation	11,006,545	892	11,007,437
Amortization UPAA	201,120	0	201,120
Taxes Other Than Income	566,125	24,354	590,479
Utility Operating Expenses	<u>36,577,244</u>	<u>(282,430)</u>	<u>36,294,814</u>
Utility Operating Income	<u>\$ 14,287,783</u>	<u>\$ 2,617,878</u>	<u>\$ 16,905,661</u>

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Description	Amount	Depreciation	
		Life	Expense
Mains	28,639	62.5	\$ 458
Pumping Station	8,676	20.0	434
Pro Forma Adjustment			<u>\$ 892</u>

²⁹ 2014 Annual Report at 10.

REVENUE REQUIREMENT DETERMINATION

Debt Service

Using a three-year average of its principal and interest payments for the calendar years 2016 through 2018, NKWD calculates an average debt service for its senior debt and bonded debt of \$17,731,385 and \$20,447,317, respectively.³⁰ Based upon its review of the debt amortization schedules supporting NKWD's calculation, the Commission finds that NKWD's average debt service calculations are accurate and represent, in all material respects, the average annual debt payments that will be made in each year that the water rates approved herein will be in effect. Accordingly, the Commission has used NKWD'S average annual debt payments in its revenue requirement determination.

Revenue Requirement

NKWD proposes to include the average debt service for its bonded debt in its revenue requirement calculation, but to exclude the subordinate debt service from its calculation of the debt-service coverage. According to NKWD, its Kentucky Infrastructure Authority ("KIA") debt is subordinate debt and, therefore, "it is not required to be considered in the debt covenant calculation."³¹ NKWD relied upon advice given by Peck, Shaffer & Williams, LLP ("Bond Counsel") to support its position.³²

In reviewing the letter from Bond Counsel, the Commission notes that the KIA debt is identified as being subordinate, but Bond Counsel does not specifically address

³⁰ NKWD's July 20, 2015, Supplemental Response to the Commission's July 16, 2015 Deficiency Letter, Revenue Requirement Calculation.

³¹ NKWD's Response to Staff's Second Request, Item 4.a.

³² NKWD's Response to Staff's Third Request, Item 5.c.

NKWD's position that its KIA debt does not have a coverage requirement. Further, NKWD did not produce a KIA loan agreement to support its position on the coverage requirement. In calculating NKWD's revenue requirement, the Commission is including a 0.2 debt-service coverage on the average debt service for NKWD's bonded debt, including the KIA loans in conformity with its prior decisions.³³

The table below compares the revenue requirement from water sales of \$55,516,145 as requested by NKWD to the revenue requirement from water sales of \$57,427,883 calculated by this Commission.

	<u>NKWD</u>	<u>Commission</u>
Senior Debt	17,731,384	17,731,384
Subordinate Debt - KIA	0	2,715,933
Average Debt Service	\$ 17,731,384	\$ 20,447,317
Multiplied by: Debt Service Coverage	0.2	0.2
Coverage	3,546,277	4,089,463
Add: Average Debt Service - Bonded Debt	20,447,317	20,447,317
Operation and Maintenance Exp.	24,712,281	24,495,778
Depreciation	9,355,563	11,007,437
Amortization of Acquisition Adjustment	201,120	201,120
Taxes Other Than Income	657,298	590,479
Total Revenue Requirement	58,919,856	60,831,594
Less: Other Operating Revenues	<u>(3,403,711)</u>	<u>(3,403,711)</u>
Revenue Requirement -Water Sales	55,516,145	57,427,883
Less: Pro Forma Revenue - Water Sales	<u>(50,679,663)</u>	<u>(50,679,663)</u>
Increase	<u>\$ 4,836,482</u>	<u>\$ 6,748,220</u>
Percentage Increase	<u>9.543%</u>	<u>13.315%</u>

³³ Case No. 2010-00094, *Application of Northern Kentucky Water District for an Adjustment of Rates, Issuance of Bonds, and Tariff Changes* (Ky. PSC Jan. 7, 2011); Case No. 2007-00135, *Application of Northern Kentucky Water District for an Adjustment of Rates and Issuance of Bonds* (Ky. PSC Dec. 21, 2007); and Case No. 2005-00148, *Application of Northern Kentucky Water District for (A) an Adjustment of Rates;(B) A Certificate of Public Convenience and Necessity for Improvements to Water Facilities; and (C) Issuance of Bonds* (Ky. PSC Apr. 28, 2006).

NKWD is aware that it could have requested a revenue requirement increase greater than proposed by including full-depreciation expense and debt service coverage on its KIA debt.³⁴ However, as previously stated, NKWD limited its requested increase to \$4,840,032 after considering: (1) the current economic conditions of the Northern Kentucky region; (2) its need for additional revenues; (3) how its rate increase would impact NKWD's customers; and (4) the local tolerance for rate increases from utility companies.³⁵

NKWD proposes to phase in its requested increase over two years to lessen the proposed rate adjustment's effect on ratepayers. Under its proposal, NKWD will defer 50 percent of the requested increase until January 1, 2017. As shown in the table below, the proposed rates will allow NKWD to meet the debt-service requirements contained in the bond ordinance in both calendar years 2016 and 2017. Therefore, the Commission finds that NKWD should be allowed to increase its rates to generate revenues from water sales of \$55,516,145 and that the Commission should approve NKWD's proposed phase-in of this increase over the two-year period of 2016 and 2017.

³⁴ NKWD's November 23, 2015 motion.

³⁵ NKWD's Response to Staff's Third Request, Item 5.a.

	<u>Pro Forma</u>	<u>2016</u>	<u>2017</u>
Normalized Operating Revenue - Water Sales	\$ 50,679,663	\$ 50,679,663	\$ 53,117,056
Add: Requested Increase	0	2,437,393	2,402,639
Revenues - Water Sales	<u>50,679,663</u>	<u>53,117,056</u>	<u>55,519,695</u>
Add: Other Operating Revenues	3,403,711	3,403,711	3,403,711
Gross Revenues	<u>54,083,374</u>	<u>56,520,767</u>	<u>58,923,406</u>
Less: Operating Expenses	(24,495,778)	(25,230,651)	(25,987,571)
Taxes Other Than Income	(590,479)	(590,479)	(590,479)
Net Income Available for Debt Service	<u>28,997,117</u>	<u>30,699,637</u>	<u>32,345,356</u>
Divided by: Maximum Annual Principal & Interest	20,446,357	20,661,038	20,446,357
Debt Service Coverage	<u>1.42</u>	<u>1.49</u>	<u>1.58</u>
Pro Forma Cash Operating Exp. - Current Year	(24,495,778)	(24,495,778)	(25,230,651)
Multiplied by: 2% Escalation Factor	100.00%	103.00%	103.00%
Adjusted Operating Expenses - Next Year	<u>(24,495,778)</u>	<u>(25,230,651)</u>	<u>(25,987,571)</u>

COST-OF-SERVICE STUDY

NKWD included with its application a cost-of-service allocation study that is based upon the base-extra capacity method. This methodology is widely recognized within the water industry as an acceptable methodology for allocating costs.³⁶ This Commission has also accepted the use of this methodology for cost allocation and development of water service rates. We accept the study's findings.

RATE DESIGN

Requested Rates

NKWD's proposed rates are based on the rate design currently applied to NKWD's retail customers. The proposed rates consist of a service charge by meter size that has no volumetric allowance and a three-step declining-block commodity charge.

³⁶ American Water Works Ass'n, *Principles of Water Rates, Fees and Charges* 50 (5th Ed. 2000).

Under the proposed rate structure, NKWD will continue to charge wholesale customers a flat per-CCF commodity charge. The Commission accepts NKWD's proposed rate design and its proposal to phase in its rate adjustment.

SUMMARY

Having considered the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. Based upon its adjusted test-year operations, the rates that NKWD proposed to place in effect in Phase 1 will generate revenues from water service of \$53,117,055.

2. Based upon its adjusted test-year operations, the rates that NKWD proposes to place in effect in Phase 2 will generate revenues from water service of \$55,519,695.

3. Throughout the two year phase-in, NKWD's proposed rates will produce sufficient revenues to produce an annual cash working capital allowance³⁷ and to allow NKWD to meet the debt-service requirements contained in the bond ordinance.

³⁷

	Pro Forma Operations	2016	2017
Revenues from Water Sales	50,679,662	53,117,055	55,519,694
Add: Other Operating Revenues	3,403,711	3,403,711	3,403,711
Subtotal	54,083,373	56,520,766	58,923,405
Less: Operation and Maintenance Expenses	(24,520,125)	(25,255,729)	(26,013,401)
Taxes Other Than Income	(590,479)	(590,479)	(590,479)
Annual Debt Service	(20,446,357)	(20,661,038)	(20,446,357)
Cash Working Capital	8,526,412	10,013,520	11,873,168

4. A utility may propose rates that produce a level of revenue that is less than what would result from accepted ratemaking methodologies. Absent evidence that the utility's proposed level of revenue will result in its credit being impaired or its quality of service declining or being degraded, its proposed rates should be accepted.³⁸

IT IS THEREFORE ORDERED that:

1. NKWD's proposed rates are approved.
2. The Phase 1 rates as set forth in Appendix A to this Order are approved for service rendered by NKWD on and after the date of this Order.
3. The Phase 2 rates as set forth in Appendix B to this Order are approved for service rendered by NKWD effective on the first anniversary of the date of this Order.
4. One month prior to the effective date of the Phase 2 rates, NKWD shall publish notice as set forth in Appendix C to this Order.
5. Within 45 days of publishing notice required in ordering paragraph 4, NKWD shall file proof of notice as required pursuant to 807 KAR 5:076, Section 5(3).
6. Within 20 days of the date of this Order, using the Commission's electronic Tariff Filing System, NKWD shall file with the Commission revised tariff sheets that reflect the approved Phase 1 and Phase 2 rates.

³⁸ *Utilities Operating Co. v King*, 143 So2d 854, 45 PUR.3d 439, 443 (Fla 1962) ("[I]n the absence of some showing that the service to the public will suffer by allowing . . . [a] utility to charge rates which will not produce a fair return, the utility and not the Commission has the right of decision as to the rates it will charge so long as they do not exceed those which would produce a fair return as determined by the Commission."). See also Case No. 2006-00410, *The Application of Hardin County Water District No. 7 for a General Rate Adjustment Effective on and after December 2, 2006* (Ky. PSC Aug 2, 2007); and Case No 98-398, *Adjustment of Rates of the Kentucky Turnpike Water District and the imposition of an impact Fee* (Ky. PSC June 30, 1999).

7. Any documents filed pursuant to ordering paragraph 5 of this Order shall reference the number of this case and shall be retained in the utility's general correspondence file.

By the Commission

ENTERED
JAN 15 2016
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2015-00143 DATED **JAN 15 2016**

The following rates and charges are prescribed for the customers in the area served by Northern Kentucky Water District for service rendered on and after the date of this Order. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

PHASE 1

<u>Meter Size</u>	<u>Per Month</u>	<u>Per Quarter</u>
5/8-inch	\$15.30	\$30.60
3/4-inch	15.70	32.15
1-inch	17.20	36.90
1 1/2-inch	19.40	43.60
2-inch	24.50	61.20
3-inch	59.10	190.45
4-inch	74.10	238.65
6-inch	109.70	352.70
8-inch	148.10	481.95
10-inch	196.90	629.25

Consumption Charges

Monthly

First 1,500 cubic feet	\$4.39 Per 100 cubic feet
Next 163,500 cubic feet	3.74 Per 100 cubic feet
Over 165,000 cubic feet	2.80 Per 100 cubic feet

Quarterly

First 4,500 cubic feet	\$4.39 Per 100 cubic feet
Next 490,500 cubic feet	3.74 Per 100 cubic feet
Over 495,000 cubic feet	2.80 Per 100 cubic feet

Wholesale Water Rates	\$3.42 Per 1,000 gallons	\$2.56 Per 100 cubic feet
Bulk Sales	\$5.87 Per 1,000 gallons	

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2015-00143 DATED **JAN 15 2016**

The following rates and charges are prescribed for the customers in the area served by Northern Kentucky Water District for service rendered on and after the first anniversary of the date of this Order. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

PHASE 2

<u>Meter Size</u>	<u>Per Month</u>	<u>Per Quarter</u>
5/8-inch	\$16.40	\$32.80
3/4-inch	16.85	34.40
1-inch	18.45	39.50
1 1/2-inch	20.75	46.70
2-inch	26.20	65.50
3-inch	63.20	203.90
4-inch	79.30	255.50
6-inch	117.40	377.60
8-inch	158.50	516.00
10-inch	210.80	673.70

Consumption Charges

Monthly

First 1,500 cubic feet	\$4.53 Per 100 cubic feet
Next 163,500 cubic feet	3.94 Per 100 cubic feet
Over 165,000 cubic feet	2.88 Per 100 cubic feet

Quarterly

First 4,500 cubic feet	\$4.53 Per 100 cubic feet
Next 490,500 cubic feet	3.94 Per 100 cubic feet
Over 495,000 cubic feet	2.88 Per 100 cubic feet

Wholesale Water Rates	\$3.57 Per 1,000 gallons	\$2.67 Per 100 cubic feet
Bulk Sales	6.06 Per 1,000 gallons	

APPENDIX C

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2015-00143 DATED **JAN 15 2016**

NOTICE TO THE CUSTOMERS OF
NORTHERN KENTUCKY WATER DISTRICT

<u>Meter Size</u>	<u>Current</u> <u>Per Month</u>	<u>PHASE 2</u> <u>Per Month</u>	<u>%</u> <u>Change</u>	<u>Current</u> <u>Per Quarter</u>	<u>PHASE 2</u> <u>Per Quarter</u>	<u>%</u> <u>Change</u>
5/8-inch	\$15.30	\$16.40	7.2%	\$30.60	\$32.80	7.2%
3/4-inch	15.70	16.85	7.3%	32.15	34.40	7.0%
1-inch	17.20	18.45	7.3%	36.90	39.50	7.1%
1 1/2-inch	19.40	20.75	7.0%	43.60	46.70	7.1%
2-inch	24.50	26.20	7.0%	61.20	65.50	7.0%
3-inch	59.10	63.20	7.0%	190.45	203.90	7.1%
4-inch	74.10	79.30	7.0%	238.65	255.50	7.1%
6-inch	109.70	117.40	7.0%	352.70	377.60	7.1%
8-inch	148.10	158.50	7.0%	481.95	516.00	7.1%
10-inch	196.90	210.80	7.1%	629.25	673.70	7.1%

<u>Consumption Charge</u> <u>Monthly</u>	<u>Current</u>	<u>PHASE 2</u>	<u>%</u> <u>Change</u>
First 1,500 cubic feet	\$4.39 per 100 cubic foot	\$4.53 per 100 cubic foot	3.2%
Next 163,500 cubic feet	\$3.74 per 100 cubic foot	\$3.94 per 100 cubic foot	5.4%
Over 165,000 cubic feet	\$2.80 per 100 cubic foot	\$2.88 per 100 cubic foot	2.9%

<u>Quarterly</u>	<u>Current</u>	<u>PHASE 2</u>	<u>%</u> <u>Change</u>
First 4,500 cubic feet	\$4.39 per 100 cubic foot	\$4.53 per 100 cubic foot	3.2%
Next 490,500 cubic feet	\$3.74 per 100 cubic foot	\$3.94 per 100 cubic foot	5.4%
Over 495,000 cubic feet	\$2.80 per 100 cubic foot	\$2.88 per 100 cubic foot	2.9%

Wholesale Water Rates	\$3.42 per 1,000 gallons	\$3.57 per 1,000 gallons	4.4%
	\$2.56 per 100 cubic foot	\$2.67 per 100 cubic foot	4.3%

Bulk Sales	\$5.97 per 100 cubic foot	\$6.06 per 100 cubic foot	1.5%
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